

~~SECRET~~

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ORR Comint Officer

7 August 1959

THRU : Chief, D/S
Acting Chief, S/TR

Removal of Codeword Material

1. It is requested that the material in the attached document be downgraded to SECRET.

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2. This material will be used in a CIA oral presentation to the [REDACTED] which is meeting [REDACTED] this month. The material is important to the group in its deliberations on US [REDACTED] policy, and cannot be disseminated at the codeword level.

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3. A conversation with a responsible analyst at NSA [REDACTED] FOIAb3c indicates that this material contains no cipher material.

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Enclosure:

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INDICATIONS OF CHINESE COMMUNIST PREPARATIONS
FOR INTERNATIONAL MARITIME TRADE

Information available as of September 1958 tends to substantiate reports that Communist China is laying the groundwork for the entry of its merchant fleet in international trade. This conclusion is based principally upon two developments--the creation of a new merchant shipping organization referred to as the Ocean Transport Bureau, an organization which has manifested interest in both a maritime training program and the domestic construction of ocean-going vessels, and secondly, evidence of the recruitment of special Chinese crews for international voyages.

The Ocean Transport Bureau, [REDACTED] is 25X1D1a subordinate to the Ministry of Communications, with the main office at Peking and a local office at Canton. The Chinese terminology used to express the idea "ocean" is such that it can be stated definitely that something other than domestic water transport is intended. Since there were, and still are, existing organizations which handle foreign ship operations such as charterings, harbor entry procedures, etc., it seems logical to assume that the Ocean Transport Bureau was established to manage a new phase of China's merchant shipping operations.

The Bureau appears to be conducting a maritime training program and has allied interests in the domestic construction of 10,000 DWT ocean-going vessels.

The domestic ship construction program calls for the completion of five 10,000 DWT vessels by the end of 1961. The Ocean Transport Bureau is known to have selected a representative to attend a meeting in Shanghai to discuss plans for boilers to be used on these vessels. [REDACTED] 25X1D1a

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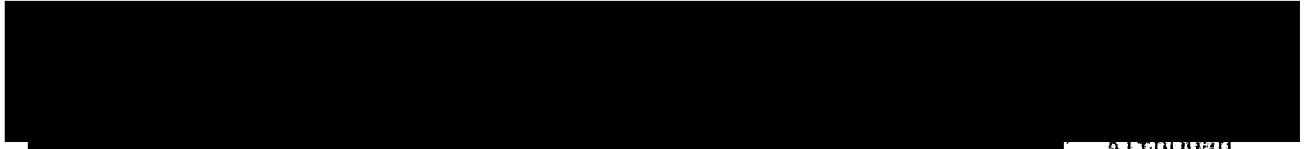
Evidence of the Bureau's interest in two other matters can be considered as reflections of plans to enter the CHICOM merchant fleet in international trade:

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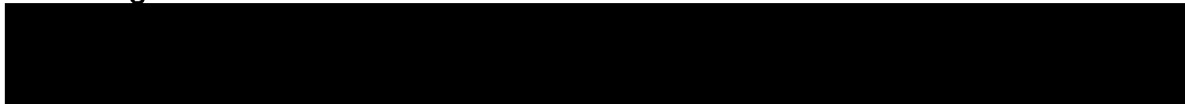


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Although there are many Chinese crew members on foreign vessels regularly calling at Chinese ports, considering the evidence in this report, the possibility that these crew members are to serve on a Chinese vessel cannot be overlooked.

Considering the propaganda aspects if and when China enters international trade, it is felt that the YUEH CHIN, her 10,000 DWT domestic construction, will be nominated for the first voyage.

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